

Message Text

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PAGE 01 STATE 100287
ORIGIN EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05
SS-15 STR-04 CEA-01 PA-01 PRS-01 SIG-01 /091 R

DRAFTED BY EB/IFD/OMA: T A FORBORD
APPROVED BY EB: P H BOEKER
CEA: D COOPER
TREAS: D KLOCK
EUR/RPE: P LAASE
EA/J: D SMITH
E: J EINHORN
EB/IFD/OMA: C C CUNDIFF
S/S: P SEBASTIAN

-----040400Z 118900 /15

R 040045Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO
INFO ALL OECD CAPITALS
USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: EFIN, EGEN, US

SUBJECT: U.S. ECONOMIC FORECASTS FOR 1977

REF: TOKYO 6093 (NOTAL); STATE 90618

1. THE PRESS REPORTS THAT ADMINISTRATION HAS LOWERED ITS
FORECAST FOR REAL GNP GROWTH FOR 1977 FROM 5.4 PERCENT TO
4.9 PERCENT AND RAISED ITS FORECAST FOR CPI INCREASE FROM
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PAGE 02 STATE 100287

5.3 PERCENT TO 6.7 PERCENT ARE CORRECT, BUT SOME EXPLANATION
IS NEEDED.

2. THE ABOVE FORECAST OF REAL GNP GROWTH IS A YEAR-OVER-
YEAR FIGURE AND THE INFLATION FORECAST IS A DECEMBER-OVER-
DECEMBER FIGURE. BOTH ARE HEAVILY INFLUENCED BY THE RE-
SULTS OF THE FIRST QUARTER OF 1977. THE COLD WEATHER IN

THIS QUARTER CAUSED THE DOWNWARD REVISION OF THE GROWTH FORECAST AND THE UPWARD REVISION OF THE INFLATION FORECAST WHICH WERE CITED IN PRESS REPORTS.

3. IT SHOULD BE NOTED, HOWEVER, THAT THE ADMINISTRATION'S FORECAST FOR REAL GNP GROWTH BETWEEN THE FOURTH QUARTER 1976 AND THE FOURTH QUARTER 1977 (THE FOURTH-QUARTER-OVER-FOURTH-QUARTER FORECAST) REMAINS UNCHANGED AT 5.75 TO 6 PERCENT. IN DISCUSSIONS WHICH MAY OCCUR WITH HOST GOVERNMENTS, POSTS SHOULD EMPHASIZE THE FOURTH-QUARTER-OVER-FOURTH-QUARTER GROWTH FORECAST AS THIS BEST REFLECTS THE OVERALL PERFORMANCE OF THE U.S. ECONOMY IN 1977. IT IS THE FORECAST WE USE IN OUR DISCUSSIONS WITH FOREIGN GOVERNMENTS.

4. WHILE THERE HAS BEEN THE INCREASE CITED ABOVE IN THE FORECAST OF CPI, THIS INCREASE DOES NOT INDICATE A WORSENING TREND. THE CPI INCREASE BEING FORECAST FOR THE SECOND HALF OF 1977 IS 5.5 PERCENT AT AN ANNUAL RATE.
VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GNP, ECONOMIC ESTIMATES
Control Number: n/a
Copy: SINGLE
Sent Date: 04-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Litigation History:
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